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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

March 12, 2007

The Honorable, Robert Blendu, Chair
Joint Legislative Audit Committee

The Honorable, John Nelson, Vice Chair
Joint Legislative Audit Committee

Dear Senator Blendu and Representative Nelson:

Our Office has recently completed a 12-month followup of the Amphitheater Unified School District's implementation status for the 16 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in November 2005. As the attached grid indicates:

- 8 recommendations have been implemented, and
- 8 recommendations are in the process of being implemented.

Our Office will continue to follow up at 6-month intervals with the District on the status of those recommendations that have not yet been fully implemented.

Sincerely,

Debbie Davenport
Auditor General

Enclosure

cc: Ms. Vicki Balentine, Superintendent
Governing Board
Amphitheater Unified School District

Amphitheater Unified School District

12-Month Follow-Up Report to Performance Audit Report Issued November 2005

CHAPTER 1: Administration

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should evaluate whether it can reduce the number of administrative positions to produce cost savings.	Implementation in Process	The District indicated it continues to look for administrative cost reductions. For example, the District is pursuing zero-based budgeting and reviewing possible uses of technology to further reduce administrative costs. Auditors will review this recommendation again at the time of the District's 18-month status report.
2. The District should continue to monitor the costs of its early retirement program to determine whether further changes are needed to reduce the associated costs.	Implemented at 12 months	
3. The District should implement a system of formal written procedures to ensure that access to computer systems and data is based on job responsibilities, passwords are changed on a regular basis, and access is removed when employees leave the District's employment.	Implemented at 12 months	

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CHAPTER 2: Food Service

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should consider recovering all food service program-related costs, including indirect costs, such as electricity.	Implemented at 12 months	
2. The District should monitor salary and benefit costs with the goal of limiting these expenditures to no more than 50 percent of food service revenues.	Implementation in Process	According to the District, it is monitoring food service costs, but has not yet determined how it can reduce these costs. Auditors will review this recommendation again at the time of the District's 18-month status report.
3. The District should require the food service staff to inventory snack bar items to help ensure that cash sales have been accounted for properly.	Implementation in Process	While the District has established procedures for inventorying snack bar and a-la-carte items, auditors' observations at two schools found that the procedures were not being properly followed. Auditors will review this recommendation again at the time of the District's 18-month status report.

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CHAPTER 3: Student Transportation

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>1. To help reduce costs, the District should evaluate awarding its special needs transportation contract to the lowest-cost vendor that can meet all requirements. In addition, the District should ensure that vendor routes are efficient and effective and should consider using its own computerized routing system to develop these routes. Further, in its requests for proposals, the District should specify only the necessary descriptive information related to the services it desires, and it should subsequently hold vendors to the agreed-upon contract terms.</p>	<p style="text-align: center;">Implementation in Process</p>	<p>According to the District, a single transportation vendor does not have the capacity to meet its needs. Therefore, the District awarded the special needs transportation contract to the two lowest-cost vendors and is currently in negotiations with a third vendor to ensure that all of the District's needs are met. Auditors will review this recommendation again at the time of the District's 18-month status report.</p>
<p>2. In its bus driver training program, the District should reinforce knowledge of the conditions that would prevent a driver from maintaining certification and the requirement for drivers to notify the District of significant changes in their physical condition or medical treatment. In addition, the District should strengthen its disciplinary policies to describe the potential consequences for failing to comply with this requirement, including the possibility of leave without pay, pay reductions, and termination, and discuss these policies as part of its training activities. The District should also develop a policy that requires it to assess the risks of allowing drivers taking certain medications, such as prescription narcotics, to transport children.</p>	<p style="text-align: center;">Implemented at 12 months</p>	

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Performance Audit Report Issued November 2005

CHAPTER 3: Student Transportation (concl'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
3. The District should continue to evaluate reinstalling the lock system on its fuel pumps to prevent unauthorized usage and more accurately track how its fuel is being used.	Implemented at 12 months	
4. The District should implement a tracking method to ensure that it performs bus preventative maintenance activities in a timely manner.	Implementation in Process	The District is updating its accounting software program to include a work order system that can track bus preventative maintenance activities. The District anticipates that the work order system will be completed in fiscal year 2008. Auditors will review this recommendation again at the time of the District's 18-month status report.
5. Before submitting them to ADE, the District should analyze its route mileage reports to ensure their accuracy, including separately reporting mileage for activities such as fieldtrips and athletics.	Implemented at 6 months	

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CHAPTER 4: Plant Operation and Maintenance

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should review staffing levels, in particular its district- and school-level security and monitoring staff, to determine whether the number of plant operation and maintenance positions can be reduced and savings can be redirected into the classroom.	Implementation in Process	The District has examined its security and monitoring staffing levels and is not willing to make any reductions due to the climate at its schools. However, the District will be reviewing other ways to reduce its plant operation and maintenance costs. Auditors will review this recommendation again at the time of the District's 18-month status report.

CHAPTER 5: Proposition 301 monies

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should ensure that its Proposition 301 plan also addresses how it will spend base pay and menu option monies, including which of the six allowable options it is addressing.	Implemented at 12 months	
2. The District should ensure that it revises its Proposition 301 plan if payment criteria are changed and that any changes are formally approved by the Governing Board.	Implemented at 6 months	

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CHAPTER 6: Classroom Dollars

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should ensure that its transactions are classified in accordance with the Uniform Chart of Accounts for school districts.	Implementation in Process	The District continues to work to ensure that all transactions are classified in accordance with the Uniform Chart of Accounts. Auditors will review this recommendation again at the time of the District's 18-month status report.
2. The District should closely analyze its spending in noninstructional areas to determine if savings can be achieved and whether some of those monies can be re-directed to the classroom.	Implementation in Process	According to the District, it is conducting a review of its transportation costs and will be reviewing plant operations and maintenance costs. The District anticipates completing both of these cost reviews during fiscal year 2008. Auditors will review this recommendation again at the time of the District's 18-month status report.

CHAPTER 7: Desegregation monies—No Recommendations